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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/03/07-1

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1) TOP HEADLINES

Asahi:

MHLW to suspend Fullcast over illegal job placement practices

Mainichi:

132.91 million yen in pension money pocketed by Social Insurance Agency employees in 1995-2006

Yomiuri:

Nominations of key officials, including BOJ president, to be canceled if opposition DPJ votes them down in Upper House

Nikkei:

Over half of Japan's population living in three major urban areas of Tokyo, Osaka and Nagoya

Sankei:

FNN poll: Cabinet support rate record-low at 22%; Over 50% favor early Lower House dissolution

Tokyo Shimbun:

Government considering meeting DPJ amakudari plan halfway

Akahata:

Japan needs more doctors; Country ranks 27th among 30 OECD members

2) EDITORIALS

Asahi:

- (1) LDP must further tighten Political Funds Control Law
- (2) News Corp.'s purchase of Wall Street Journal raises question about freedom of press

Mainichi:

- (1) Sweeping tax reform essential
- (2) News Corp.'s purchase of Dow Jones: Multiple operations key to media realignment

Yomiuri:

- (1) DPJ can't play politics with Antiterrorism Law

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- (2) Asashoryu punishment: Dignity essential for yokozuna

Nikkei:

- (1) Expectation and concern over Kansai Airport
- (2) Japan Sumo Association needs to take a hard look at itself

Sankei:

- (1) Antiterrorism Law: DPJ must become responsible party that prioritizes national interests
- (2) International unity essential for resolving Afghanistan hostage incident

Tokyo Shimbun:

- (1) Budget request guidelines need drastic approach
- (2) Take bold political steps for relief of people suffering from hepatitis C induced by contaminated blood products

Akahata:

- (1) Abe cabinet unqualified to propose consumption tax hike

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, August 2

NIKKEI (Page 2) (Full)
August 3, 2007

09:57

Arrived at Kantei.

11:26

Met with Deputy Chief Cabinet Secretary Matoba, and afterwards met with Shimomura.

13:56

Met with Deputy Foreign Minister Yabunaka and MOFA Southeast and Southwest Asian Affairs Department Director-General Atsumi.

16:04

Met with Education Minister Ibuki. Later, met with Cabinet Intelligence Director Mitani.

17:40

Met with Lower House members Hachiro Okonogi and Yasukazu Hamada.

18:59

Dined with Chief Cabinet Secretary Shiozaki, Shimomura, Suzuki, and Matoba at the Japanese restaurant "Senbazuru" at Hotel New Otani.

20:49

Arrived at Kantei residence.

4) Poll: Cabinet support hits low of 22%

SANKEI (Top play) (Lead paragraph)
August 3, 2007

Fuji News Network (FNN) conducted a public opinion survey of political attitudes from July 31 through Aug. 1 after the July 29 election for the House of Councillors. According to findings from the survey, the approval rating for Prime Minister Shinzo Abe and his cabinet was 22.0%, the lowest ever since the Abe cabinet came

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into office. The figure renewed the Abe cabinet's all-time low. Meanwhile, the disapproval rating for the Abe cabinet was 64.8%, breaking 60% for the first time. The survey shows that 56.0% want the prime minister to dissolve the House of Representatives for a general election at an early date. In addition, more than half of those surveyed presume that Abe will step down within the year. Abe has now clarified his intention to stay on. Yet, the figures shown in the survey are severe for him.

5) ARF wraps up, expressing "humanitarian concerns" in its statement regarding "abductions," "former comfort women"

ASAHI (Page 7) (Abridged)
August 3, 2007

Aya Kimura, Aihiro Makino, Akihito Sugii, Manila

The meeting of the ASEAN Regional Forum (ARF) joined by a total of 27 countries including ASEAN members, Japan, the United States, China, and North Korea, closed yesterday, issuing a statement welcoming North Korea's shutdown of its nuclear facilities. The statement also mentioned the "importance of measures to deal with humanitarian concerns." A high-level official of the host nation Philippines explained that the term "humanitarian concerns" was included in the statement as a "compromise to satisfy both Japan and North Korea."

According to some Philippine officials, the Japanese side insisted on including in the chairman's statement the issue of abductions of Japanese nationals by North Korea. North Korean officials asked for reconsideration, with one official arguing, "When it comes to humanitarian issues, we, too, are concerned about the wartime comfort women issue." As there was intense horse-trading behind the scenes between the two countries, the Philippine government reportedly decided to use the language "humanitarian concerns" in order to avoid naming certain countries.

Japan has stressed the need to resolve the abduction issue at international conferences and in bilateral talks. In order to counter this, North Korea took up the abduction issue, to which the Japanese government is somewhat hesitant about making a direct rebuttal, at the ARF meeting this time, one of the few international conferences the North attends, apparently encouraged by the US House's recent approval of the so-called "wartime comfort women" resolution. According to a source familiar with the ARF Meeting, however, the North did not directly mention the abduction issue in the ARF session.

According to the Japanese Foreign Ministry, Foreign Minister Aso stated: "Japan is ready to play a leading part in the six-party talks, including participation in economic and energy assistance (to

North Korea) if Japan-North Korea relations, including the abduction issue, make progress." He also again made it clear that Japan was ready to discuss the abduction issue and the issue of settling the past events together.

According to a source familiar with the ARF Meeting, North Korean Foreign Minister Pak Ui Chun balked at Japan for its past colonial rule, its upgrading the Defense Agency to the ministry status, and its move for constitutional revision. On the nuclear issue, Pak emphasized the propriety of the development of nuclear weapons, arguing, "Our country has been exposed to the nuclear threat from

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the big power." On the implementation of the February six-party agreement, he urged Japan and the United States to take action now. He also called on the US to delist North Korea as a country sponsor of terrorism. Aso against asked for permission to take the floor and rebutted, "What the North Korean side has stated now included something that goes against the facts. Our country cannot accept it."

Meanwhile, after the session, the deputy director-general of North Korea's Foreign Ministry bureau praised Aso's remark that Japan would deal with the abduction issue and the issue of settling the past together, by saying: "It has been unusual in recent years that the Japanese foreign minister suggested the past issues should be also discussed in normalizing relations."

6) Some countries disappointed at Secretary Rice's non-attendance at ARF meeting

ASAHI (Page 7) (Full)
August 3, 2007

US Secretary of State Rice did not attend the meeting of the ASEAN Regional Forum (ARF) because she was visiting the Middle East. This was her second non-attendance to the ARF meeting, following her absence in 2005, when she assumed the post of secretary of state. ASEAN indicated understanding about her non-attendance with Foreign Minister Yeo of Singapore saying, "The United States bears a big responsibility in dealing with in the Middle East as well as Iran." But President Bush, too, has delayed his first summit talks with ASEAN leaders, which at one point were planned for September. Some connected with ASEAN voiced disappointment.

US Deputy Secretary of State Negroponte, on behalf of Rice, attended the foreign ministerial between ASEAN and the US held on Aug. 1 prior to the ARF meeting. He emphasized there: "In terms of East Asia policy, relations with ASEAN are vitally important."

Singapore, which took over the role of the host nation of ASEAN from the Philippines yesterday, had been energetically making arrangements to host in September summit talks between President Bush and heads of ASEAN as a commemorative event celebrating the 30th anniversary of the beginning of dialogue between ASEAN and the US. But it has now been forced to delay the talks because of the US side's circumstances.

In order to maintain a presence in the region, relations with the US are vitally important for ASEAN. Nonetheless, Bush likewise pushed aside his initial plan to attend the summit talks with ASEAN, following Rice. All this is presumably attributable to the relatively sinking status of ASEAN as China and India are rising.

One ASEAN diplomatic source commented, "We understand Iraq is important, but (the US) should turn its eye to Southeast Asia." Another source said, "The present-day US has no policy toward Southeast Asia."

7) Japanese, North Korean foreign ministers in verbal warfare at ARF meeting

TOKYO SHIMBUN (Page 2) (Full)
August 3, 2007

Takashi Nakayama, Manila

Foreign Minister Taro Aso and his North Korean counterpart Pak Ui Chun crossed swords over contentious bilateral issues, including Pyongyang's abductions of Japanese nationals, in the ministerial meeting of the Association of Southeast Asian Nations Regional Forum (ARF) in the Philippines on August 2.

Aso led off by saying: "I expect a favorable cycle to be created in relations between Japan and North Korea, as well as in the six-party talks by North Korea showing a sincere attitude in Japan-North Korea normalization working group meetings." He then called on North Korea to positively address the abduction issue.

According to Japanese delegates, pointing out Japan's recent moves, such as the upgrade of the Defense Agency to ministry status, moves for constitutional revision, and missile defense, Pak criticized Japan by using the words "the revival of the Great East Asia Co-prosperity Sphere." Referring also to Japan's move to auction off the land and building of the pro-Pyongyang General Association of Korean Residents in Japan, or Chongryon, Pak complained that Japan is now "in an inhumane state."

In reaction, Aso assailed: "North Korea's remarks include parts that go against the facts, so we cannot accept them."

8) Japan, North Korea engage in verbal battle at ARF, but the North takes flexible stance toward other countries

MAINICHI (Page 2) (Excerpts)
August 3, 2007

Foreign Minister Taro Aso and his North Korean counterpart Pak Ui Chun traded verbal jabs over bilateral issues during the plenary session of the Association of Southeast Asian Nations Regional Forum (ARF) in Manila. Pak, however, was friendly toward other participants and succeeded in avoiding international isolation to some extent. As it stands, soured relations between Japan and North Korea were underscored in the ARF meeting, where the North played up its flexible stance.

During the ARF meeting on Aug. 2, Pak made a strong attack on Japan, using such words as "the revival of the Great East Asia Co-prosperity Sphere." In reaction, Aso said: "North Korea's remarks go against the facts and are totally unacceptable."

Although the expression "concerns about the abduction issue" was inserted in the statement issued in the ASEAN+3 (Japan, China and South Korea) meeting in January, the statement this time used this expression: "Humanitarian concerns in the international community," apparently reflecting consideration by the Philippines, the chair of the session, to North Korea.

Foreign Ministry spokesman Mitsuo Sakaba said: "I do not take it as a retrograde step," but in order to resolve the abduction issue, there will be no other way but for Japan to "continue to bring forth the issue to the international community," as Sakaba said.

It has been reported that North Korea asked the Philippines in high working-level ARF talks in May to incorporate Japan's wartime comfort women issue in its chairman's statement. In an attempt to send Japan into isolation, the North demonstrated a hard-nosed

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diplomatic stance to Japan.

Meanwhile, Pak contacted representatives from countries other than Japan in a soft manner. Pyongyang's efforts to improve relations with ASEAN countries reflect its desire to emerge from its current isolated position, on the strength of high international evaluations of its denuclearization moves.

In the 2000 ARF meeting in Bangkok, as well, North Korea also

engaged in vigorous diplomacy. But with the change of government in the US, the North was described as a part of the "axis of evil" and was eventually driven into international isolation. In the latest meeting, Pyongyang showed its eagerness to take a more multilateral diplomatic stance, in order to prevent a repetition of the failure in 2000.

SCHIEFFER